

Senate Bill No. 1088

CHAPTER 381

An act to amend Section 11521.2 of the Insurance Code, relating to grants and annuities societies.

[Approved by Governor August 27, 2004. Filed with Secretary of State August 30, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1088, Scott. Grants and annuities societies: investments.

Existing law allows grants and annuities societies to receive transfers of property, conditioned upon their agreement to pay an annuity to the transferor or the transferor's nominee, after obtaining a certificate of authority from the Insurance Commissioner. Existing law provides that the reserve required for each annuity contract issued by a grants and annuities society must be invested in certain investments, except that a society may invest in securities listed and traded on specified exchanges to the extent of the lesser of the society's net worth or 10% of its general investments.

This bill would allow a grants and annuities society to invest in these securities to the extent of the lesser of its net worth or 50% of its general investments.

The people of the State of California do enact as follows:

SECTION 1. Section 11521.2 of the Insurance Code is amended to read:

11521.2. (a) The reserve required by the table of commensurate values for each annuity contract issued must be invested in investments specified in Sections 1170 through 1182 except that a certificate holder may invest in securities listed and traded on the New York Stock Exchange, the American Stock Exchange or regional stock exchanges or the National Market System of the Nasdaq Stock Market or successors to such exchanges or market having the same qualifications, to the extent of the lesser of net worth (assets over liabilities and reserves) of the certificate holder or 50 percent of these general investments. This section does not permit investment in options or commodity exchanges.

(b) The certificate holder may invest in other investments as permitted by and subject to the written consent of the commissioner.

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